

Article - Estates and Trusts

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§15–207.

(a) Except as provided in subsection (b) of this section, if a check is drawn on the bank account of the principal of a fiduciary by a fiduciary who is empowered to draw checks on the account of the principal, the bank is authorized to pay the check without being liable to the principal, unless the bank pays the check with actual knowledge that the fiduciary is committing a breach of the obligation as fiduciary in drawing the check, or with knowledge of the facts that the action of the bank in paying the check amounts to bad faith.

(b) If a check is payable to the drawee bank and is delivered to the bank in payment of or as security for a personal debt of the fiduciary to it, the bank is liable to the principal if the fiduciary in fact commits a breach of the obligation as fiduciary in drawing or delivering the check.

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